

Transcript

A/S James O'Brien in Conversation with
The German Marshall Fund of the United States
Topic: Europe Whole and Free: Priorities for 2024
Moderator: Heather A. Conley, GMF President
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HEATHER CONLEY/GERMAN MARSHALL FUND: I can't begin to tell you how delighted and honored we are to welcome Assistant Secretary of State Jim O'Brien, who has the great privilege of overseeing a vast territory of Europe and Eurasia. We are so delighted you are here. Jim, I have a couple of thank-yous. Many, personally to you. Thank you, because you've been Assistant Secretary for three-and-a-half, going on four months, came in on October the 5th of last year. And I can't begin to tell you how incredibly important it is to speak publicly right now at this historic and consequential year for the transatlantic relationship. I can tell you every one of my colleagues at GMF feels the press of this history every single day. So, thank you also.

Also thank you as a leader, because I'm a firm believer that leaders must have and set priorities and they have to communicate those priorities very, very clearly. Because at the end of the day, strategy is ultimately about choice and the choices we make on those priorities. And then my last thank you to you is you are really easy to introduce because you are so well known in this room and so well regarded. We're setting them [expectations] high, Jim. We're setting them high. Absolutely. And, and I think as I look at your extraordinary résumé, particularly as a public servant, you - I don't know whether you've selected and signed up for them or you've been given them - some of the toughest assignments in government. Sanctions Coordinator. You were the first Presidential Envoy for Hostage Affairs, which has got to be the toughest portfolio, particularly the most emotional portfolio. And Presidential Adviser for Balkans. You were Senior Advisor to Secretary Madeleine Albright. You've had some tough assignments. I think maybe this is your toughest assignment and your most important assignment. So, again, thank you. We could not be more honored to have you here and colleagues with you. [Please give] your warm applause. Please welcome Jim O'Brien up to the podium.

AMBASSADOR O'BRIEN: I really appreciate that, Heather. Just a word of warning to everyone: I'm terrible at reading carefully prepared script. The good news for you is it means I might actually say something interesting. Now, what I want to do today is...is talk about how our work with Europe and in Europe promotes American security, prosperity and values. And I'm going to talk about that in three priority areas: the war in Ukraine, the whole range of countries around and between Europe and in Russia, and our work with Europe on the emerging challenges and global challenges such as new technologies, migration and climate. So those are the themes.

But before I get into that, I want to thank Heather and the GMF crew. Over the last weeks, they have labored through snow, sleet, snow days, holidays, and rain to deliver this. So I hope I'm worth all the effort that you and your team have put into it. I also want to thank GMF for its other contributions to the U.S. government, and that starts with Heather, whom I met first when you were managing Central Europe on behalf of the State Department 20 years ago. I just came back yesterday from Romania, which is a key and crucial ally in supporting Ukraine and Ukrainian exports and in working with the other countries, with Bulgaria, Türkiye and others on supporting security in the Black Sea, as well as contributing to both the EU and NATO as well. So, job well done from your time there.

Then, of course, I have to thank Karen Donfried, whose heels I am trying to fill. Derek Chollet, who has been the Department's Counselor and kind of spiritual guru the last several years. Laura Rosenberger from GMF. She's taken on two of the legitimately hardest topics with both China and Taiwan and many others from GMF and [gone] back and forth with the U.S. government. And it matters. And the reason I'm here to talk about our relations with Europe today is because GMF is the embodiment of the transatlantic relationship.

And it's a key reminder to us. You know, we're all sure as policymakers that we stand at a unique crossroads, that we're beset by crises in a way no one before has been, and that our moment is unique. But GMF stands here as a reminder that we've been in similar situations before. About 80 years ago, Europe was in a desperate situation after World War II. The economies were not moving, institutions were failing, and one historian called it 'the savage peace' with millions of people dying or unable to get services. And leaders were starting to create a different kind of politics, one that set aside the sort of short-term competition that had bred four major wars in 100 years for a more collective approach of cooperation that allowed for the prosperity and spread of democracy that we've seen over the last 80 years. That's what GMF was born out of. And we have to remember that vision because of what the spirit, the innovation, the values and the resolve that those leaders showed are ones that we need today. And we have them. And I think we can succeed with them.

So that brings me now finally to 2024. Our challenge this year is to demonstrate that reasonable governments can deliver results on issues that matter to citizens. Otherwise, we cede the political field to people who have cheap slogans and, frankly, blame for others. And we know that that leads to conflict, strife, poverty and often war. So, what can we deliver on? I'm going to start by talking about Ukraine, but I want to note throughout this, we need to think about how the work we are doing together on Ukraine, on the periphery of Europe and on global issues, we need to think about how it supports and is also affected by the work we do together on issues like Gaza in the Middle East. And so, I want to acknowledge that. I'm not going to speak directly to it in the remarks. But throughout, you need to think about what we're doing here and what lessons it holds for what we do elsewhere.

So Russia/Ukraine. We're about a month away from acknowledging the second year of Russia's further invasion, the full-scale invasion of Ukraine. And here are sort of basic starting points. Ukrainians continue to choose democracy, equal justice and a European future, just as they have twice on the Maidan and as they do every day now on the frontlines fighting against Russia's aggression. Russia will want to continue its war until it, frankly, sees the results of our election in November. So, we're looking at a long 2024. And we're talking now in the depths of winter. And winter is always dark and hard without any *Game of Thrones* illusion. We believe Ukraine will be stronger by the end of 2024 and in a better position to determine its - its future. And that future, as President Biden said, is that we're going to help Ukraine win. So that's the goal of the strategy.

How do we get there? I'm going to start by acknowledging the elephant in the room. We're waiting on further U.S. assistance and on the EU's committed assistance of €50 billion by over the next four years. President von der Leyen last week, when Secretary Blinken met her, she was very confident that they will manage to secure their funding. You can read the ups and downs in our process, but I'll say two things. There is huge support in Congress in both chambers for supporting Ukraine. The issue is when leaders are ready to put that to a vote. And all I'll say as the Assistant Secretary for Europe is every day people are fighting and dying to protect their security and our security. And I think it's time that we are able to stand by them as we move forward.

Now, why do we think that these funds will help Ukraine emerge stronger in 2024 and be victorious? It's because there's a strategy behind this. The money from the EU and the U.S., along with Ukraine's own tax revenue, all of which goes to pay for the war - they pay for almost two thirds the cost of the war, just with domestic resources - all of those fund a strategy that integrates political, military and economic elements. And I'll talk briefly about these. Now, in addition, once we have this funding in place, we will have reinvigorated the coalition that supports Ukraine. And it's a coalition that has provided more than \$100 billion in support to Ukraine on top of the 70 odd billion that the United States has provided. So there is ample burden sharing here in a vigorous coalition that provides both affirmative resources and restrictions on what Russia can do. And let me walk through this.

So, what we see from Ukraine. Military, Ukraine will have a disciplined, realistic military campaign strategy this year to defeat Russia's offensives and build on what it has done in 2023, especially its remarkable success in securing access to the Black Sea and destabilizing Russia's ability to use Crimea as a spear pointed up into Ukraine. I'm not going to say more about military strategy in this public forum.

Economically, Ukraine is going to continue to rebuild its economy. That provides hope to its people, funds to its treasury, and products that the world desperately needs. And we're seeing progress here. Ukraine's economy grew close to 5% in 2023, and projections are that it'll be roughly the same, give or take, in 2024. And that has to be supported by reforms and further work. But there are real specific gains that I'll talk about later. So when we talk about U.S. assistance to Ukraine and roughly \$8 to \$10 billion of this as part of that assistance, it's an investment. Ukraine is rapidly able to start paying for itself. And we can't look at this as an endless payment program.

Politically, Ukraine is going to continue reforms so that it can join Europe. I see Rob Benjamin here; that NDI's recent focus groups show that 85 to 90% of Ukrainians are demanding reforms so that they are able to move rapidly into the single market economically and the European Union. That's the commitment Ukraine's leaders have made to us.

So these reforms are going to enable Ukraine to make an enormous switch. They're going to trade old Soviet-era trading relationships for direct access to one of the most lucrative and integrated markets in the world. And we've seen in the countries that Heather used to engage on behalf of the U.S. government, their incomes treble over the last 20 years with that kind of access. That's what's at stake for Ukraine. Now, our assistance helping - is helping Ukraine on that path. And I just want to put in a word: we are very mindful of making sure that all U.S. assistance is spent effectively and honestly and directly where it should go. We have a very elaborate program of multiple inspectors general, continual monitoring of how our funding is spent. You know, and I'm happy to go into more detail on that. But we feel comfortable that our money will help Ukraine on this path.

Now, a word about Russia. Where do I think Russia is going to be by the end of next year? And look, Russia's economic managers are very talented and they have helped cover for President Putin up until this point. Russia is managing to import at levels roughly akin to pre-war, which is not the same as importing at levels that a war economy would suggest. But I think their margin for error is slipping. I'm going to say it pains me to say as little about this subject as I am now, but if I go into depth, I won't get to any other topics.

So, I'm going to say a few things. For the long term, Russia's economy is going to be 6% smaller in two years than it would have been if it had not launched this full-scale invasion. It's lost key parts of the industries that are going to drive the next generation of economic growth. It's lost hundreds of

thousands of its most talented, innovative people, and now it's largely dependent on China, North Korea and Iran for key components that are involved in advanced weaponry and frankly, an advanced economy. That's not a recipe for growth.

In addition, in the last two years, Russia's lost access to its most lucrative markets for its easiest products in energy. Two thirds of what Russia was exporting is gone from Europe now. And there'll be further reductions as more U.S., Qatari and other LNG becomes available and as the green transition takes root.

So Russia has now made a decision to pivot away from part of the wealthy world into something else. We're going to have to think about how we want to deal with that Russia however the next year or two goes. This revanchist Russia is something that that the U.S. would need to develop a policy for. That might be a good work for someplace like GMF to start thinking about.

Now, are sanctions working? This could be a long discussion, but I'm going to offer a couple of thoughts. By one estimate, without sanctions, Russia would have \$400 billion extra to spend right now. The School of Economics estimates energy sanctions alone have cost Russia more than \$120 billion in the last two years. In addition, the G7 has immobilized more than \$300 billion in Russian sovereign assets. Now we need to tighten our sanctions, and we will. We're going to drive up the costs of Russia's exports, and we're going to keep cutting its access to key components for weaponry. But let's just think for a moment how much more devastation Russia would be wreaking if it had access to those hundreds of billions of dollars that have been denied it. If you just take the percentage of Russia - of its own revenue that Russia is spending on the military, they'd be in a position to spend two to three times more just from that money. They'd spend two to three times more than what the U.S. has provided to Ukraine in security assistance. So when you look at missile attacks every night, when you think about how those missile attacks could be more devastating with more advanced chips and weapons in them, and you see what the sanctions have done, just think about the balance that's there now is there because of the policies of the G7 and our broader coalition of 50 states have taken. And then also pause for a moment to think about Russian health care workers, teachers and others who are seeing their money, the money that would allow for investments in making Russia a better place, now being spent on this imperial dream.

Now more broadly about the way the world views this: The basic tenant of the Helsinki Final Act and really the last 80 years is that each country gets to choose its own security and economic and political partnerships. Russia now is rejecting that, seeking a world of Yalta where it gets what it wants in the countries it thinks matters to it. It's violating the U.N. charter, the Geneva Conventions and U.N. Security Council sanctions, for which it voted on Iran and North Korea. The world sees that.

And I just want to leave you with one thought on this. I know there are - there are many conversations about who's winning a discussion with the Global South. What I see is nobody asking for second helpings of what Russia is offering. And every time there's a vote for leadership in an international institution, Russia loses. So just think of the last two years. They've lost senior roles or governing roles in the UNHRC, the ICJ, the IMO, OPCW, UNESCO, the ITU, UNEP, the FAC, FAO, IKO, ECOSOC and Interpol. That's an alphabet soup of international organizations. It's written less often in Cyrillic these days.

Now, why do we support Ukraine as vigorously as we have? What's in it for the States? Well, one is we're safer. Ukrainians are fighting, as they say, for democracy, for the European Union, for the U.N. charter, for basic principles of the international order of the last eight years. Those make us safer.

They've destroyed more than half the Russian military and are still waiting for the most advanced weaponry. That makes us safer.

In addition, if Russia's emboldened, we're going to pay more later. And here I do get frustrated when smart people say they know what Putin will accept. I don't. I know he offers a kind of confusing litany of things that he cares about, saying Russia has no borders, saying it's a geopolitical tragedy that any ethnic Russian lives outside a domain governed from Moscow, that the Western territories in Poland were a gift from Stalin to the Poles. So we're basically asking, do we want to gamble on what he wants? And do we want to gamble with the lives of the people who would live under occupation? And we have seen what occupation means in Bucha, in Mariupol, and elsewhere. And so I think that's not a discussion we want to enter into. I think instead we want to think about what's a benefit now.

And here I want to talk about the Black Sea for a minute. Russia tried last summer to get a monopoly on exports through the Black Sea. That's at, under current rates, more than 22% of global grain trade. That hits directly at the Global South. What we instead see is that by virtue of the innovation and courage of Ukrainians and with strong support from our partners and Allies, particularly those of Romania, Bulgaria, Moldova and others, Ukraine is now exporting at above pre-war levels - about at or above pre-war levels. It has routes that are secure from Russian intervention, [and] that lowers global prices, [and] secures supplies that are good for the entire world. It also lets Ukraine restart its own industries that sustain employment at home. So what we see is just the increase in Ukrainian exports since say, the start of the fourth quarter, will add about \$25 billion to Ukraine's GDP - it's 5 to \$6 billion to its global tax revenues. That's 15% of the gap in Ukraine's budget just there, just from one step that isn't even complete yet. Now, we're going to have to, going forward, work with our partners and allies in the region to strengthen our Black Sea strategy. Senators Shaheen and Ricketts and others have wisely called for us to have a more focused Black Sea strategy. We have begun that process, and I was just meeting this week to talk about how we strengthen it going forward with Türkiye and with the other littoral states. And so we'll work on that.

And at the end of the day, while we look at Putin, who thought he was going to divide and weaken NATO, he ends up with a stronger alliance. It is larger by one, and we hope very, very, very soon by two with Finland and Sweden joining us. But - but even more, defense spending is up. NATO allies are agreeing to effective regional defense plans. So when NATO looks this summer at how it will defend our future at the 75th summit, it will be a stronger, more vibrant body than President Putin expected to see. And I think that is a clear lesson that will help us as we go forward and will emerge from that summit with a clear place for Ukraine that is already contributing to our security.

Now, second major theme, I want to call it less gray space. So over the last decades, there have been a number of states that may have had a path toward Europe, but no clear prospect of moving toward it.

And there were other states that were sort of half between Russia and [the rest of Europe] So this goes from basically the shores of the Caspian and even Central Asia all the way through to the Adriatic. And I just want to touch on a couple of themes here. The first is this is a serious problem for our security, but also for the people of those states.

This gray space allows politicians to flourish who love being just outside the rules. Right. They can play all the angles, but not by any of the rules. So we need to change their political incentives. And in this context, there are a couple of very good things that are happening. One is the EU's decision to begin accession talks with nine countries. It is really remarkable, to intensify its engagement with this range of

states. So from a U.S. standpoint, we strongly support this. We are linking the instruments. We have to be in support of the reforms needed for all these states to find a future as part of the single market and the European Union. So this is a place where our transatlantic work helps to build a wider and stronger community. And in this context, and I'm going just, because I'm talking too much already, I'm not going to go through a bunch of specific country issues, but I want to emphasize a couple of points. In the states of the Western Balkans, I just met with the six leaders early this week, and everyone has some fatigue, frankly, of being promised a path to the EU and then never quite really getting on it. And Brussels has recognized this, and not only, I think there's a different spirit from member states of the EU about how to engage, [and] they're creating some innovative mechanisms. So, the Western Balkans, for example, now is waiting for final approval of the European growth plan for the region. And the key thing about this is, in exchange for certain reforms, the status of each state—on its own, with no veto from another—will be able to benefit from participating in parts of the European Single Market. This is steroids for an economy. It is a thing that can happen soon. So on Monday, with six of the six state leaders, five of them there in the room together, including ones who have other bilateral issues, we committed to working on a set of specific reforms, beginning with easier transport of goods and money that will, over the course of this year, begin to show practical effect. One of them will cut costs of moving money by about 3 to 5% on each transaction. That's money in the pockets of people. It facilitates cross-border movements of currency. So we'll work to support the EU as it decides whether to launch the program formally. But it's a really innovative project that will be available to six of those nine countries. And there will be additional work with Georgia, with Armenia, with Azerbaijan.

Final broad theme I want to talk about has to do with global challenges. So the U.S. and Europe together and with our other G7 and G10 partners, we need to incorporate our shared values into the new challenges that the world faces. So migration, climate. I'll just talk briefly about emerging technologies. Our view is that economic growth over the next generation is going to be driven by advances in artificial intelligence, bio-med sciences and the Green Revolution. Those are the places we all need to invest. A challenge is that virtually any of these areas poses real difficulties for existing governance frameworks. So one thing we are trying to do and we will do through 2024 is work with our colleagues to try to have clear, simple rules on the road about how we should invest and use these technologies.

So just as one example. Next week, the Trade and Technology Council will convene in Washington. We're working on aligning approaches to governance of artificial intelligence, which will draw on our respective domestic rules and our experiences with new technologies that hopefully will be a template that will let the rest of the world understand this is how to participate in our markets and how we intend to participate in yours, be open to everyone. And that will develop a whole series of rules. And just as an example around advanced A.I. Systems, we've launched the G7 Code of Conduct. We have affirmed the Bletchley Declaration about artificial intelligence safety and we're working toward an UNGA resolution on artificial intelligence to try to have a global framework. Simple kind of basic parameters for how we deal with this new technology that might otherwise be very disruptive. Now, these are efforts of building an architecture of the next economy. They're going to be open to everyone who plays by the rules. They'll encourage competition. They'll encourage innovation. But they should avoid any kind of beggar-thy-neighbor trade dispute. Because frankly, with our closest colleagues, our supply chains will be more resilient. They will be entwined. We will be competing in some places, but also working together to try to build the bedrock of the next economy. And any country that wants to be a part of that process is more than welcome. That's what it means when we say we'll compete, we will invest. And so we are working to do that. Similar themes come up when we talk about climate change or when we talk about migration and other issues that matter so much for the world.

Okay. So I began this by saying we should not believe politicians when we talk about how we are at a unique set of crossroads. But Secretary Blinken did say 2023 was a year of profound tests, and he was right about that. It's a year where we also took significant and even unprecedented steps to share the burden of leadership and to set a way forward as we move to 2024 and beyond. We're going to show progress on these steps during this year, and it will be a strong foundation for countries as we look to move past the elections that will occupy so much of our time this year. And the new governments will have a way they can move forward and show citizens that we deliver on the things that matter to them. So with that, Heather, I'm all yours.

O'CONLEY: Sure. We have to be on leashes. Now, this is someone saying it's like the Matrix. We're getting plugged in here. So without the right cranial right of a diner, I always felt like a rock star when you have Madonna here. So. Okay, our colleagues are going to make sure we're turned on here for our audience. Jim, thank you so much. So for the record, you can always say something interesting at GMF and you can always make news at GMF.

AMBASSADOR O'BRIEN: So I hope, you're suggesting I didn't?

CONLEY: You did. We're going to unpack that a little bit more. But Jim, thank you so much for your clarity, your conviction, the message of strength came through. And I would say, just summarizing what I just heard, your 2024 priorities, it's an Eastern priority, whether that's Ukraine, Eurasia, the Black Sea region, the Western Balkans. And, you know, it's a priority on making some deep future investments in allied competitiveness, whether that's in the energy transition, the technological revolution. So I think those are very, very important messages. So the moderator's prerogative is I'm going to walk you through some questions that I have, and then integrate some questions that we took before when we announced the event from our audience. And then I want to welcome everybody into this conversation with Jim. So let me begin with Ukraine, and I want to play a bit of devil's advocate because Congress has been working on the supplemental for weeks and weeks and weeks. The EU has been working on their supplemental support for Ukraine for four months. I was in Berlin in mid-summer when Ursula von der Leyen announced the €50 billion package. So this has been in the making. The longer this drags out, Ukraine needs macroeconomic support by March. They are starved for ammunition, the longer this drags out, and we don't have that knowledge. Are we starting to form a plan B here? What if the supplemental doesn't come in a timely way? If the EU doesn't come, what's the next plan? Is it declaring a national emergency? Does the executive branch have some tools? What's the plan?

AMBASSADOR O'BRIEN: I'm going to resist the temptation to speculate on Plan B, because I think we are going to secure a plan and for two reasons. One is the E. And because we're all policy nerds being here. So the EU has the option to secure its funding either collectively--Michael correct me, at 27, or the other 26 can go forward on their own. So there is very little leverage from the one holdout except maybe to effect some of what he might want his country to pay for. And I think that's a very strong position. And given the resolute support we see both from the Council and the Commission, I feel very confident.

And again, I've testified and briefed many members in the House and the Senate. The support for Ukraine is overwhelming. The choice for us is you hear in public that there are multiple crises, and they must all be addressed. The supplemental request is to cover humanitarian issues globally, support Israel, support Taiwan, support Ukraine, and Republicans have said they need to see progress on the border as well. (I think there's been exceptional progress.) They need to decide whether all of these things get

decided at one time or we could actually address these emergencies on an urgent time scale because we've been calling them emergencies that cannot be delayed for more than two months.

And I just think this is kind of normal for the United States. And I'm struck by 1941. So I'm going to do old guy stuff because all suburban dads are always studying either the Roman Empire or World War Two. But in 1941, in the summer of '41, the U.S. had a legislative mandate to reduce our army by about two thirds to 75%. And President Roosevelt had campaigned sort of vigorously just coming off his third reelection. He campaigned hard to say we need to get rid of this requirement. Europe is occupied by Germany. Japan is threatening supply lines in the Pacific like we can't disarm. He failed utterly. And what ended up happening was that the Speaker of the House stepped down from his lectern for a time, went into the cloakroom and managed to secure enough votes from his own caucus and from the other party for the legislation to be overturned by one vote. And if that legislation had not been rescinded, the U.S. would have gone into Pearl Harbor Day with an army three quarters smaller than the already inadequate force that we had. Now that Speaker of the House has a building named after him in the Congressional complex on the Hill. So it's a moment for leaders to say we recognize what's urgent, to make decisions and to go ahead and get things done that will make America safer and more prosperous going forward. And the question is whether we currently have the leaders today to meet that moment.

Let me talk a little bit about the Ukrainian military strategy. And just to quote you, you mentioned this is a realistic military strategy for 2024, which I don't want to pierce this. That sort of speaks to 2023. an unrealistic strategy. Did we have unrealistic expectations for the counter offensive? You're starting to hear the expert community talk about aggressive defense for Ukraine, having that very defensive posture hold the line as best they can in 2024 to maybe hope for industrial production to kick in in 2025. Is that sort of part of the Keep Ukraine strong and 2024 strategy? Is that where we're thinking of moving forward or are we in lockstep with the Ukrainians on that strategy? There are actual experts working on exactly what the military strategy should be. I'd say in general, I think like any strategy, you have to identify your strengths, pick those and bet on them. And obviously, [for] 2023 [there is a] public discussion about whether all the right choices were made. I think that's one of our strengths that we can have this discussion.

I think we're also recognizing that this is a war that is in some cases kind of like the trench warfare of World War One, but also a little bit like a sci fi movie with the advances in the use of unmanned vehicles, artificial intelligence for targeting and so on. And taking lessons from that is incredibly important. So the strength of the Russian defensive lines last year really came from their absorption of some of these new technologies; [they] could lay thousands of mines overnight so that rather than an opening, you know, you had things closed and now we're coming to a different kind of warfare. And I just to pull out of the discussion of exactly what Ukraine will do this year, I think this makes Ukraine an enormous contributor to our security because they have the most experience in fighting the war that is coming. And I think the conversations that we have with Ukraine as we head into the summit reflect that sense that they are not simply a recipient of a lot of assistance and advice, but that they have learned things that are important for all of us. And that will be a piece of their strategy through the year.

Let me transition a little bit as we look ahead to the July NATO's summit.

CONLEY: What are the key themes in your mind? What does success look like?

AMBASSADOR O'BRIEN: Yeah, I think the key thing is to celebrate how remarkable an alliance this is. So we will be 32 [members] by that time. We will have very strong regional defense plans put in place. They

will all be executable. We have Allies. More than 20 will be at or above 2% in defense spending of their GDP, with contracts for most of the rest. When you compare that to ten years ago when the 2% pledge was made in Wales, it is a remarkable achievement. Foreign Minister Cameron mentioned the French Prime Minister that was declared and he said one of the ways some things strike him as more of the same as when he was last in government. Some things are a remarkable change. This is a remarkable change. The kind of commitment to reinvestment in NATO going forward. So we'll capture all of that. But then it's really about preparing for the future. We need to defend our futures and that means more work in the regions that may have been underserved in recent years. It means more practical work about preparing our defense industrial base so that it can fight the wars that we're seeing come. And then it's having a clear relationship with Ukraine so that Ukraine knows it is included in the family while it works on the reforms it needs to make and prepares its future as well. So I think that's what would constitute success this summer.

What's the message to the American people about NATO? They're hearing NATO is essential to America's security.

CONLEY: They're hearing that it does not serve America's interest. The summit will happen a few days before the Republican National Convention. What is the message to the American people?

AMBASSADOR O'BRIEN: I think the message is that never before has a country stood with so many strong allies capable of reaching across the region that is most important to our economic health. And if someone wants to throw that away, I think it's a serious question about their sense of what makes America strong. So what people will see are a set of 32 Allies. They'll see the partnerships that extend through to the Pacific and to the islands of the Pacific, that we're able to help people secure their territorial integrity and their freedom. And all of that goes in cross terms. The factories we buy from, the shipping lanes we rely upon, the businesses we invest in, the people we sell to. So just in simple terms, this is about protecting the freedom, the prosperity of Americans. We never had something as strong and broad a base to do that from.

CONLEY: Jim, I want to just finish up on the speech and I want to open the conversation a little bit broader from the conversation. I'm going to pull on the Western Balkans. U.S. policy towards the Western Balkans has very much always been to support EU integration. That was certainly the case of the last 15 years. That didn't produce the results, as you clearly stated. Now, full support with the growth plan. But I have to say, as I've watched this region, sometimes the U.S. choice has been stability of the region and not the reform agenda. And when I speak of reforms, I think about democratic reforms. I'm thinking about Serbia's election and the challenge. And there are many international observers calling for that. Do we have to choose between reform and stability? You've said about a clear path of reform is the way, but we all have to. That reform may come with instability as well as anti-corruption and free media and a strong civil society. Do we have the balance right? Because I feel we don't have the right balance right now.

AMBASSADOR O'BRIEN: This is the question I ask myself every day. And some of it is you have to work your way through processes that work at different paces, so disruptors can function like that. Building stability takes time. And so there's a balance between immediacy and patience that really matters. So we look at the Serbian election, and I think we still don't know whether there will be a government in Belgrade from this election. International observers actually didn't look at that election. So finding the evidence of what happened in Belgrade is something that's, you know, building over time. But we'll see whether there's a government that's formed. But at the parliamentary level, the opposition parties

emerged with 200,000 more votes and many more parliamentarians than had had before. And in many areas, that's a mark of a place that is allowing some kind of a different way forward.

The challenge and I tried to say this publicly and I think I didn't do it very well. The challenge going forward is who's going to be able to promise delivery for the people of Serbia? And I think one way often discussions in Washington get a little bit skewed is that in the current alignment of the region, Serbia does pretty well by investment and economic standards. So if we keep things as they are, we're essentially having a situation where Serbia, the income in Serbia keeps going up, the growth in Serbia keeps going up, more high value investment goes into Serbia. And if we want the other states and the people in those other states to have the same opportunity, we have to encourage reform. Even at the risk of some instability. Now, the lure of being able to participate in higher value industries and to participate in higher growth opportunities is a really important immediate one for political leaders in those countries, particularly, I would say, I think, in Serbia. But in other countries [too].

And so to my mind, that is a place where there's a converging interest that promotes both reform and the stability of the region. Now, there are other kinds of reforms that are a little more adversarial with leaders across the region. And there are a set of leaders, particularly, I'll say, and see the ambassador from Bosnia here that I think, you know, in Bosnia Herzegovina, there are some leaders who, frankly benefit from more instability. And reform there is going to oppose the kinds of practices that Mr. Dodik and others advocate. I'll talk more about that next week. But so the balance is a little different each place, but for the region as a whole, to have a past and move forward on issues where all the leaders acknowledge that they have to do better. That's a real change from, I think, say, four or five years ago. And I don't want us to miss that window, which is kind of unique to now as opposed to where we were before the pandemic.

CONLEY: What can I say, your strong leadership in this region. I think more of our attention will be absolutely vital and we look forward to next week and learning more. Before I turn over to the audience for questions, let me talk about the other elephant in the room. You did mention the supplemental elephant. Let's talk about the U.S. election outcome as the elephant in this room. We heard today Manfred Weber, head of the European People's Party, suggest that Europe, you know, the U.S. is no longer going to be able to defend Europe against Russia in a scenario with our election. He's talking about rethinking the nuclear umbrella missile defense shield. We also have a funny thing, I will call this the new transatlantic schism. It's almost an anti-transatlantic schism where you have Prime Minister Orban and the Fidesz party working with elements of the Republican Party, sort of against a strong transatlantic agenda. What's the answer to this? How do we know, how do we help our European colleagues understand the stability of the strength that you've outlined when it feels so precarious and our politics aren't bipartisan enough to sustain this strong security alliance? I'm looking to help me answer the questions that I get every day that you get every day. How do you help our European colleagues manage through the next ten months? Help me, please.

AMBASSADOR O'BRIEN: I haven't gotten my Hatch Act briefing yet. But this is the question that I get from Michael and from colleagues in Brussels all the time. I think there are a couple of things. One, is it helpful to explain our system to them and a bit of our history because people see a headline, polls. The New York Times says this is going one way. Therefore, that's what I have to worry about. I think first, as I indicated with my earlier Sam Rayburn story, we've been here before, and as Churchill said, we do tend to pick the right option after we explore all the others. So a little bit of calm, but then understanding our system and looking at the actual results in actual elections recently, I think gives you a much different

picture than just a horse race, polls and, you know, op eds. So some of it is just explaining that this situation looks a bit different from inside than from outside.

By the way, that's a lesson American diplomats are always trying to remind ourselves of when we go to tell somebody else how to live their lives. But that's it's important in this case and this is the reverse transatlantic system. Like sometimes we need to heal ourselves while we're talking with others in that context. So where it's actually a bit more open, I think the couple of other themes that are relevant, we're building institutions and having those institutions be of clear benefit to each country is really important. So you mentioned there's one European country that seems to be looking to veto or be the last one to say yes on multiple significant issues. But I think the bedrock approach that many people take in dealing with that country is that it recognizes that being in is a lot better for it than being out. And so at the end of each negotiation, you're trying to present them with the simple choice: you're in, you're out. And that gives a lot of leverage to those who are on the inside. And I think the same discussion will happen with us. And I realize I'm being somewhat vague for, you know, to try to be sensitive to things.

But I think if we look at, say, NATO, we just need to be able to say others are sharing the burden, others are taking risks, others are preparing properly for what goes forward. So the items I mentioned, defense funding, identify, or securing the right regional defense plans and building the defense industrial base that will supply the weapons needed to carry them out. All of this means that when someone reports to office on the first day of a new administration and they look and say, well, if I try to go it alone, I'll have to spend this much more. And these people will be doing things that are destabilizing. It's clearly much better if we're together. So showing mutual benefit I think is important. And then the final piece is to have responsible governments do real things that people see.

And let's give one illustration that I was, you know, kind of on the margins of. We had a situation this last fall where Romania and Bulgaria had qualified clearly to be in Schengen. But the problem was that there were migrants moving through their societies, so they were being blocked and in turn they were blocking that other country from, you know, Austria in this case, from achieving from taking up certain roles. And that was affecting American interests as well. What they ended up doing was saying we need to find a way because all three governments were facing challenges from right wing populism, kind of anti-immigrant politicians.

So one temptation would be to demonstrate that each one of them could be tougher on the migrants than the other one. And that's the kind of self-defeating cycle of escalation that wouldn't have produced good results and would have left the political debate sort of still sitting and frankly, would have left Romanian and Bulgarian citizens without Schengen access to Europe.

So everybody loses. And we know that chasing the right wing on its issues just kind of buys you more. And instead what they did was come together and work out a step by step process where starting next month now, March, beginning of March, end of next month, there will be access through certain ports of entry on Schengen bases, and then there'll be something else.

And this has changed fundamentally the politics of the issue, because people see responsible politicians are delivering. And I just think we have to look at each issue and come up with the compromises, the ways forward that we can. And it shows people are delivering on things that matter and they're sharing the burden of taking it forward. And I think that lets everyone know that you're better off working inside in these institutions than outside.

CONLEY: My prescription is: remain calm, self-reliant, and keep speaking to the American people about the value of our allies. So we have a couple of minutes here. I'd love to take a question from the right side and a question from the left side and let you respond to those and then we'll let you get back to the State Department, if that sounds like a plan here.

AMBASSADOR O'BRIEN: All, except the last part, sounds good.

CONLEY: Well, if you'd like to stay, we'd love to have you and put you to work here at GMF. Okay, So I have a question back there. A microphone is coming your way. Please introduce yourself and keep the question crisp and then get ready over here. Okay? Yeah. Well, sir, to you. Yes, sir, please.

SPEAKER: Good morning. My name is Arthur P Schakowsky, and I'm a sociologist. I can look at the bigger picture of the framework that you put so much effort into. And I think, my question is, so you mentioned words like leadership, values; tell someone else how to do their work; you also mentioned institution building. And my question relates to hearts and minds as you build these international institutions, because right now, if you listen to the press, if you read in the media, the biggest criticism of American foreign policy is this idea of selective morality. What kind of morality is it? Is it one across the board morality? And it seems like the hearts and minds of the world have not been occupied by some sort of vision. And I just want to finish up with my question. There's this idea of the moral imperative, right? And the moral imperative is this idea of partnerships, right? Arrangements. Is there a clear vision for the world that America is offering as it's so busy doing all of these daily things, right? A clear vision that would take away all of this work because people would believe you, and our country.

CONLEY: Thank you so much. I'm going to put a slight twist on that, winning hearts and minds in an era of information, manipulation, and disinformation. Because I think that the moral imperative, how do you even provide that when it is so skewed in use. Borrell has noted this in the EU elections, our elections, we're doing a lot of work on AI and deep fakes and that. So I'd love your comment on that. I'll have the microphone right there and then will Jim have you respond, please?

SPEAKER: From the Voice of America. You carefully navigated the Black Sea without mentioning that Russia is building a military base in occupied Abkhazia. And when we talk about the Black Sea security, Georgia's a country that also contributes to it. Where do you see forging this context in the larger context of the Black Sea security as we also keep in mind the Russian Black Sea fleets that can no longer stay safe and secure?

CONLEY: Thank you, Jim.

AMBASSADOR O'BRIEN: So our Ambassador to Georgia was with me in Romania as we discussed these issues. And we see Georgia as a critical security partner for the Black Sea. If we look at - and I remember you talking to me about the Black Sea a long time ago, and I sort of half listened - but if we look at what's about to happen, so the Central Asian states are looking for trade routes that aren't just China or Russia. And they built a lot of their infrastructure to go through Russia. Now they want to build different infrastructure. That means it flows down across the Caspian, Azerbaijan, then it goes to Georgia or what we hope will be an arrangement with Armenia and Türkiye, so then it flows out as well that way, both routes to handle huge volumes. And we're looking at the Black Sea, then managing even more of the global trade in key, you know, critical minerals, grain, all kinds of items. We'll do some work again with the EU because this is a foundational partnership. So we'll have to work with the EU on promoting exactly this.

There's a conference next week in Brussels about financing some of these trade opportunities. It's hosted by I think IBRD, and then we'll participate. So this is really important and the Black Sea will end up with LNG connections between Georgia and Romania. It'll end up with a number of undersea cables for electricity, communications, and so on, off sea gas production, off Türkiye, off Romania, potentially off other countries.

So it's going to become a dense area of economic involvement even beyond what it was before. We need to make sure that's protected and we need to make sure that the rules of engagement across that wide range of countries are pretty clear to everyone, including to Russia. And we'll do that with Georgia. And in Georgia itself, you've got these very important parliamentary elections this year. We strongly support the international observer mission. We're going to be working with that mission and frankly, with the really vibrant civil society in Georgia to see that that election goes well, because what we know is more than 85% of citizens of Georgia continually say what they want is reform and entry into the EU. That's what we have to stand with.

Now, the Georgian government has really put in effort at reform measures, particularly over the last months. And we appreciate what they've done. We appreciate what they've done on avoiding sanctions, circumvention by restricting a lot of activity. I think there's room to have a lot of optimism that Georgia will be a key contributor in that environment. We know Russia is investing a lot in its own port, Novosibirsk. It's investing in the - or it's taken over a number of Ukrainian ports and is attempting to use them. And as you say, it's building out infrastructure in Abkhazia. So this will be something we have to work our way through over the next years. But we'll get our way through it because that's ten countries who just want more peace and prosperity from having a secure arrangement in the Black Sea. And that's the thing we'll work on coming up.

Now, I'm fascinated by being an institutional sociologist. I find, you know, I don't even know what that means, but everybody from Faber through Purdue, Giddens and others, I think are some of the most interesting thinkers about how you move a society from one place to another. So I'm really jealous. The piece of this, so I'll address this in more prosaic terms.

One of them was in my list of attributes I look for, a key one was listening and understanding that other people have advice to give us at times, and I may have glossed over that from time to time, but I think that that bit of humility and curiosity is crucial, especially when you're in a moment of respecting our partners for doing more and asking them to do much more.

So that is a big element that I don't want to have lost in any list of how we set about building these institutions. But I think there were a couple of themes that both you and Heather mentioned. So one of them is we have to acknowledge the values and institutions we care about even when we are having difficulty seeing them fully embodied in practice.

So you can certainly see in what the President and the Secretary say about the situation in Gaza, which is a risk in Europe, right? It divides the politics of many European countries. And unlike the invasion of Ukraine, it runs [the risk of] dividing us. But we are very clear that what we want to see is more adequate humanitarian relief in Gaza, conditions of life that allow people to start to rebuild. Less violence in any way, but also a very real security answer. I mean, Hamas is a **neo** . . . It's an anti-Semitic, you know, death cult that is trying to destroy Israel. It's not trying to build a better life for anyone. And Israel has a real security concern that has to be addressed at the base of it. But we've been saying more

pauses, get the hostages out, get the humanitarian aid in, begin to help with the rebuilding, prepare for what comes afterward in a way that can protect the security of Israel and the states around there, but also allow people of Gaza and of the West Bank to rebuild.

Now, that's a message that seems faint when we see the news every day. But part of the choice we all have to make - and others had to make this as well, I don't want to loop you into that - but you choose, you're inside or you're out. And if you're inside, then you have to show up every day and just keep going at it.

And we have to keep saying that the values we are trying to see reflected here are the ones we uphold. And if we strengthen those values and institutions in Ukraine, that will be to the benefit of situations like what we see in the Middle East. So you don't give up, you just keep doing it every single day. Now to how that affects hearts and minds, we do it just at a very practical level. We have a real problem. Our societies are open, we have built, we have allowed to be built information technologies that let people select what information they get, but also allow their information streams to be polluted frankly, by people who seek to manipulate them to induce anger rather than engagement. And that's a real problem that we've got in our societies.

So one thing we are doing is working closely again with our EU colleagues, with a lot of member states at addressing specific issues that are likely to come up across the European information space to try to make sure that we're providing accurate at times, you know, views that are in our interest but also accurate information, and that hopefully get people out of this short term endorphin hit of, hey, I get to be angry alone here in my room a little bit longer and out into thinking about how do we make this world better as we go forward.

And this is the challenge. And since this is my last answer, I will say this is the challenge for this year, you know, we are coming to a period where the European level institutions after April, they'll be in a bit of a hiatus heading into elections in June and then Commission formation in the fall. Many member states, I think, what is it? Is it ten member states have elections this year?

So you know, there may be some other things happening there. You know, 50 countries and already a huge percentage of them are heading into fairly contested elections. And during that period, the race will be to have clear policy lines so that those of us who work during transition are able to continue delivering results even while we're waiting for the new government to come in place.

So these next couple of months are really critical. That's why adoption of the growth plan is critical because we can do the work as long as the political signal is there. Similarly with disinformation, if we have a strong initiative to address the underlying causes and to put out correct information, we can do that work through the election period. If we sort of fumble around for two or three months right now, we'll miss that window and we could lose the whole year.

So the challenge for me is: Get the first quarter as the base from which we can leap into the rest of the year.

CONLEY: Yeah, thanks, Jim. I mean, this is a great way to end the conversation because, you know, it's really no excuses. Do the work. Every day we have to build our democracy. Make sure that democracy delivers. Make sure that prosperity is secure. Our democracies are secure.

I have to say when we had the title of this event, I sort of quarreled with it a little bit because “Europe whole and free” it just feels tired to me. It feels like we've been saying that and it feels like it's taken too long. But the march from 1989 eastward never ended. Your work, my work, our collective work, that's what we have to do every single day.

It's that march forward. That's what your priorities told me. That's in light of, instead of in spite of, this incredibly unstable political moment for all of us. We just have to take a step every day forward. No excuses. We all have to do the work.

AMBASSADOR O'BRIEN: And just to say, I now suddenly find myself an old guy. I started to work at the State Department, the day before Halloween, 1989.

CONLEY: Trick or treat.

AMBASSADOR O'BRIEN: So ten days before the fall of the Berlin Wall. So at that point, the line that Churchill saw was still roughly the line of some kind. You know, it had changed. It was more permeable, but it was there. Those lines were raised. We don't want to draw a new line. Somebody else wants to draw a new line. It's going to be in a much different place and a lot further to the east. And that's a pretty remarkable accomplishment for one generation of policy. So my task is to make sure we hold and build on that over the next years. But you can't, what despair over immediate problems, keep you from building out that vision.

CONLEY: Well, on behalf of GMF, we are building right there with you, my friend. This was an amazing hour conversation. Thank you so much, Jim, and to your incredible team for making this possible. Thank you all for joining us as well as our online viewers with your warm applause, please thank Jim O'Brien for a great conversation.